NATIONAL SECOND MORTGAGE ASSOCIATION

SECOND MORTGAGE STATISTICAL SURVEY FOR THE YEAR 1982

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Second Mortgage Survey, 1983

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Abstract:

This report analyzes the responses of National Second Mortgage Association (NSMA) members to requests for information on the association's annual questionnaire and membership application and renewal forms. The membership reports show that NSMA members held over $18¼ billion in second mortgages outstanding at year-end 1982. Thus, growth in the second mortgage market continued. However, analysis of the more detailed data provided on the survey questionnaires shows that much of the second mortgage growth in 1982 resulted from the influence of new entrants in the market--and new members of the NSMA. Savings associations, commercial banks, and smaller commercial bank affiliates accounted for much of the growth, while a majority of independent consumer finance companies and large bank finance company affiliates made fewer second mortgage loans in 1982 than in 1981. The questionnaire data also provide useful insights into second mortgage loan flows; the average size of second mortgage loans; loan terms; loan delinquencies, losses and chargeoffs; and the profitability of second mortgage lending.

In general, in spite of the recession in 1982, the data indicate that losses on second mortgage lending are still quite low. Average foreclosures were under one-half of one percent. Furthermore, most lenders reported chargeoff rates below one-half of one percent and total delinquen-

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cies (of over 60 days) less than three percent. However, some lenders experienced serious loss and delinquency problems in 1982. Possibly as a result, second mortgage lending was not profitable for several lenders in 1982.

Nonetheless, low profits were the exception not the rule. Due to declining costs of funds and generally good interest returns, most lenders made adequate profits on their second mortgage lending in 1982. Furthermore, because loan origination and servicing fees supplemented lenders' interest income, some mortgage bankers, commercial banks, and other lenders reported excellent rates of return on equity from their mortgage lending operations in 1982.

Other key data show that most lenders expanded their second mortgage holdings only modestly in 1982. Growth in the average size of second mortgage loans continued during the year, but at a much lower rate than in the past. Furthermore, many lenders, particularly finance companies originated fewer second mortgages in 1982 than in 1981. The only lenders that generally originated more second mortgages in 1982 than in 1981 were depository institutions. Thus, growth in loans outstanding primarily reflected the fact that more new loans were made than were liquidated.

Cash liquidation rates averaged approximately 20% at many lenders, but were lower for some lenders--possibly because they made larger maturity loans. Unadjusted repayment rates were higher than 20% for institutions that refinanced a number of loans and for institutions that sold many loans in the secondary markets.

The experience of second mortgage lenders varied widely among lender groups. Each reader will need to consult the detailed tables (2A to 6B) to

analyze the experience of the lender groups in which he or she is most interested. Separate data are reported for mortgage bankers, savings associations (including mutual savings banks), commercial banks, bank affiliated finance companies with large holdings of second mortgages, bank affiliated finance companies with smaller holdings of second mortgages, non-bank finance companies with large holdings of second mortgages, non-bank finance companies with smaller holdings of second mortgages, and "miscellaneous" respondents (which consisted of three industrial banks and one British finance company).

Second mortgage lending and foreclosure experience also varied widely across states. Table 7 summarizes interstate differences that could be determined from the available data.

Second Mortgage Survey, 1983

Richard L. Peterson*

I. Overview:

This survey is part of a continuing series of surveys that the National Second Mortgage Association has conducted of its members in order to obtain as much information as possible about the nature of the second mortgage market. The first survey was conducted in 1978 by Peat, Marwick and Mitchell. Subsequently, the present author worked with the National Second Mortgage Association and the Credit Research Center to conduct surveys of second mortgage lenders in 1979, 1980 and 1981. These were published by the Credit Research Center as Working Papers No. 33, 39, and 42---which are available at a price of $6.00 each (plus first class postage if prompt delivery is desired) from the Credit Research Center, of Purdue University. The 1982 survey was also prepared by the present author. Additional copies of the 1982 survey are available for $10 each (with no postage charge) from Texas Tech University's Institute for Banking and Financial Studies, Lubbock, Texas, 79409. The present survey, as was the case in years past, has been prepared for initial distribution by the National Second Mortgage Association to its members.

The data analyzed in this report were obtained from two sources. First, NSMA members reported limited data on their membership application and renewal forms on loan volume, outstandings, and foreclosures. Those data were analyzed to determine the size of the market covered by NSMA members and the overall incidence of foreclosure (See Table 1). The figures presented in Table 1 show that NSMA members held 1 1/3 million second

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mortgages worth $18¼ billion at year-end 1982, (up by 200 thousand mortgages and $3 billion from a year earlier) and originated 518 thousand mortgages worth nearly $8 billion in 1982 (up from 400 thousand loans worth $6½ billion dollars in 1981). The average size of second mortgages outstanding grew very little, to $13,876 in 1982, in large part because the average size of new loan originations declined to $15,307. While foreclosures were up, to 6,345 in 1982, they were still very low relative to the number of second mortgages outstanding at year-end. Foreclosures equalled only 0.48% of year-end outstandings in 1982, up only slightly from 0.43% of year-end outstandings in 1981.

The data obtained on application and renewal forms was not very detailed and was not always accurate (for instance, average loan sizes calculated from data reported by some respondents equalled $100). Thus, there is some imprecision in the numbers reported in Table 1--although, where possible, data were corrected (for instance, data reported in 1000's of dollars were multiplied by 1000 and other data were cross-checked with survey questionnaires on which respondents chose to identify themselves). Finally, because 25 more NSMA membership application and renewal forms were completed in 1983 than in 1982, much of the apparent growth in the second mortgage market represents growth in the number of respondents rather than growth in the second mortgage market, per se.

Because the data reported on NSMA membership application and renewal forms were not very precise and did not contain much detail, all NSMA members were mailed detailed surveys to complete and return anonymously to the author (a copy of the 1983 survey is contained in Appendix A). Most of the data reported in this paper were obtained from those questionnaires.

Table 1: Second Mortgage Experience of All NSMA Members, 1982

	1981	1982
Outstandings, Year-end		
Net Dollar Value	$15.24 billion	$18.26 billion
Originations, Full-year	1.13 million	1.32 million
Net Dollar Value	$ 6.51 billion	$ 7.93 billion
Number of Accounts	401 thousand	518 thousand
Average Size of		
Outstandings	$13,486	$13,876
Originations	$16,220	$15,307
Foreclosures, Full-year		
Total Number	4,876	6,345
As Percent of Number Outstanding	0.43%	0.48%
Number of Respondents providing data	75	100

This year a total of 71 NSMA members returned the survey questionnaires, of which 65 provided detailed data. The other six forms were returned by title search, insurance, or credit reporting firms that made no second mortgages. The data provided in the returned questionnaires provided valuable insights into the nature of growth in the second mortgage market; second mortgage loan refinancings, repayments, and cash flows; secondary market participation by NSMA members; second mortgage loan sizes and terms; second mortgage delinquency ratios, foreclosures, and chargeoffs; and factors affecting the profitability of second mortgage lending.

As was true in 1982, due to improvements in the questionnaire and considerable care taken by most, but not all, of the respondents, the data reported in the 1983 survey are far more comprehensive, and should be more reliable than data reported before 1982. The improvement in reporting accuracy was particularly marked this year, especially for large finance companies. Furthermore, due to changes made in the questionnaire in 1982 and in 1983, the data were improved five ways. First, reports based on 1977 and 1978 data were able to distinguish the behavior of second mortgage lenders only by the size of their second mortgage holdings, while reports using 1979 and 1981 data made more useful distinctions based on the type of lender. This year, as in 1982, this report provides separate information both by type of lender and, where sufficient numbers of lenders reported, by the size of their loan holdings. Second, delinquency rates reported before 1982 were in some cases suspect as not all lenders reported delinquency rates solely for second mortgage loans. In 1982 and 1983, however, all delinquency rate data reported in these tables apply only to

second mortgage loan portfolios. Third, before 1982 it was not possible to distinguish accurately between net and gross loan extensions and outstandings. Consequently, cash flow and repayment rate data frequently could not be well estimated (as no actual cash flow occurs when "unearned finance charges" are booked as part of credit extensions). In 1982 and 1983, however, detailed data were available on the type of accounting used as well as on both net and gross flows. Consequently, better estimates could be made of loan repayment rates. Fourth, the 1982 and 1983 surveys provide a more detailed tabulation of sources of profits for second mortgage lenders of various types than has been previously available. Finally, this survey, for the first time, reports on state by state differences in NSMA members' mortgage growth and foreclosure experiences.

However, there were still some reporting problems associated with the survey. Many NSMA members did not report on the questionnaire. Consequently, the data reported on the questionnaire apply to only about two-thirds of the firms that reported second mortgage holdings on their membership application and renewal forms. Furthermore, only about half of those that did report on the survey were able to provide any statewide data--and few could provide detailed data on a state-by-state basis. Consequently, the reported data are not as comprehensive or detailed as might be desirable. Finally, a number of reporters were unable to isolate data relating solely to second mortgages from their other operating data. This caused numerous observations to be omitted as either no data were provided or the author concluded that the data provided were either unreasonably large or unreasonably small.

The remainder of this report summarizes data obtained from the 1983

NSMA questionnaire. The data relate to outstanding second mortgage stocks as of December 31, 1982, and to second mortgage transactions during 1982. Because of the distinct nature of different financial entries, data are reported separately for the following categories of reporters:

(1) Bank-affiliated finance companies holding over $100 million in outstanding second mortgages

(2) Bank-affiliated finance companies holding $100 million or less in outstanding second mortgages

(3) Other finance companies holding over $100 million in second mortgages

(4) Other finance companies holding $100 million or less in second mortgages

(5) Commercial banks

(6) Savings and loan associations and mutual savings banks

(7) Mortgage bankers and

(8) "Miscellaneous" lenders (three industrial banks and one British finance company).

II. Loan Volume and Outstandings - Summary Tabulations

Some key data reported in the survey questionnaire are summarized for each type of lender in Tables 2A and 2B. Much more detailed and analytical data follow in Tables 3A through 7.

In Tables 2A and 2B, summary data are compiled for each of the eight groups analyzed. The number of members in each group of respondents is given in parentheses at the top of each column.

In the top half of the table, for each item the sum of all data reported by all members in each group of respondents is reported in the table, and the number of respondents is recorded in parentheses beside each item. In the middle of the table, loan sizes are computed by taking the ratios of summary data reported in the top half of the table. The ratios' accuracy has been improved this year because aggregate ratios were computed only for groups of respondents that reported both items of information needed. For instance, because one small-holder finance company reported gross, not net, outstandings the number of loans it held was excluded before the average size of net loans outstanding was calculated. Thus, that calculation was based on data provided by 8, not 9, respondents.

The average loan size data reported in these tables differ from later figures in that they are averages for sums of all data reported by all respondents. All other data reported in the study refer to high, low, or median values of ratios applicable to each institution. In those computations, averages are obtained by giving each institution's statistics equal weight, while in the middle of Tables 2A and 2B, each loan, or each dollar of outstandings (as the case may be) is given equal weight.

Finally, at the bottom of Tables 2A and 2B, data are provided on loan refinancings and institutions' participation in the secondary mortgage markets. In each case separate ratios are computed for every survey respondent. The primary data reported are the median (midpoint) values reported by all respondents in each group. The number of respondents providing relevant data in each group is given in parentheses, next to the median value and the range of responses, from low to high, is given in parentheses below the median.

If an even number of respondents provided data, the median value is computed as a simple average of the two middle values reported. This procedure usually works reasonably well but, it can provide misleading results if, in fact, the two middle values are far apart--as is often the case when only two respondents provide suitable data. Nonetheless, because the median value usually is typical of numbers reported by all survey respondents (especially when more than two respondents report data) this data reporting procedure is used in all remaining tables in this report.

Key statistics reported in Table 2 indicate that the 65 survey respondents that provided data held over 1 million second mortgages worth nearly $14 billion at year-end 1982. Over 323,000 second mortgages worth more than $5¼ billion were originated by survey respondents in 1982. The average size of net second mortgage holdings was considerably larger at year-end 1982 than at year-end 1981 mainly because new loans continued to be larger than the average size of preexisting loans.

Refinancings in 1982 varied widely among second mortgage lenders, from zero to nearly three-quarters of loan originations. Refinancings were most common at non-bank finance companies, were somewhat less common at bank-affiliated finance companies, and were relatively rare or non-existent at mortgage bankers and depository institutions.

Secondary market activity was not widespread, but it was not insignificant either. Nine mortgage banks and eight other respondents reported servicing second mortgage loans for others. The number of loans serviced ranged from 0.05 to 100% of total mortgages held and serviced by different respondents and, at 48,687, equalled nearly five percent of the number of loans outstanding. The number of loans sold, reported as 22,213 by 17

Table 2A: Loan Volume and Outstandings, 1982

	Bank Affiliated Finance Companies		Other Finance Companies	
	Large Holders (10)	Small Holders (6)	Small Holders (10)	Large Holders (10)
Outstandings				
Number	235,389 (10)	12,732 (5)	23,626 (9)	523,579 (9)
Net Value	$3,171.5 mil. (10)	$131.6 mil. (5)	$214.9 mil. (9)	$6,675.1 mil. (9)
Originations				
Number	87,259 (10)	5,510 (6)	9,612 (9)	163,155 (10)
Net Value	$1,278.5 mil. (10)	$ 67.0 mil. (6)	$779.6 mil. (8)	$2,345.7 mil. (10)
Serviced Loans				
Number	872 (1)	0	734 (1)	5,505 (3)
Net Value	$ 15.5 mil. (1)	0	$ 8.0 mil. (1)	$ 73.2 mil. (3)
Purchased Loans				
Number	29,828 (5)	82 (3)	340 (2)	5,948 (4)
Net Value	$ 206.3 mil. (4)	$ 0.9 mil. (3)	$ 4.6 mil. (2)	$ 151.9 mil. (6)
Loans Sold				
Number	930 (1)	428 (1)	920 (3)	5,056 (2)
Net Value	$ 20.0 mil. (1)	$ 5.2 mil. (1)	$ 9.8 mil. (3)	$ 57.4 mil. (3)
Average Size				
Net Outstandings	$13,473 (10)	$10,335 (5)	$ 9,095 (9)	$12,749 (9)
Serviced Loans	$17,793 (1)	0	$10,872 (2)	$13,290 (3)
New Loans	$15,810 (9)	$12,157 (6)	$ 9,668 (8)	$14,377 (10)
Loans Purchased	$11,579 (3)	$11,122 (3)	$13,506 (2)	$10,419 (4)
Loans Sold	$21,504 (1)	$12,144 (1)	$10,604 (3)	$11,177 (2)
Refinancings ($)				
% Net Extensions (range)	6.7% (5) (0 to 12.5%)	32.1% (5) (15.4 to 43.0%)	44.6% (6) (11.98 to 57.8%)	28.06% (4) (0.7 to 74.3%)
Serviced Loans (#)				
% of loans serviced and outstanding	4.84% (1) (0(9) to 4.84%)	0 0	48.3% (1) -----	3.17% (3) (0.05 to 18.11%)
Purchased Loans (#)				
% of loans purchased and originated	20.67% (5) (3.92 to 48.23%)	1.4% (3) (1.1 to 4.8%)	10.9% (2) (2.5 to 19.2%)	4.2% (4) (1.15 to 42.0%)
Loans Sold (#)				
% of loans sold and originated	18.75% (1) -----	33.8% (1) -----	12.7% (3) (8.5 to 172%)	27.3% (2) (4.99 to 49.54%)

Table 2B: Loan Volume and Outstandings, 1982

	Mortgage Banks (16)	Commercial Banks (4)	Miscellaneous (4)	Savings Institutions (5)
Outstandings				
Number	19,551 (16/11)	155,782 (4)	43,011 (3)	39,830 (5)
Net Value	$318.2 mil. (9)	$2,388.5 mil. (4)	$200.2 mil. (3)	$783.6 mil. (5)
Originations				
Number	15,101 (16)	11,157 (4)	15,985 (4)	10,171 (3)
Net Value	$316.7 mil. (14)	$225.6 mil. (4)	$ 55.9 mil. gross + 47.8 mil. net	$220.8 mil. (3)
Serviced Loans				
Number	32,609 (9)	0	21 (1)	8,946 (2)
Net Value	$487.3 mil. (9)	0	$538,122 (1)	$187.0 mil. (2)
Purchased Loans				
Number	1,713 (5)	122 (1)	0	10,184 (2)
Net Value	$ 52.6 mil. (6)	$ 2.41 mil. (1)	0	$212.2 mil. (2)
Loans Sold				
Number	7,661 (8)	0	0	7,218 (2)
Net Value	$181.8 mil. (7)	0	0	$181.3 mil. (2)
Average Size				
Net Outstandings	$16,959 (9)	$15,332 (4)	($3,175 to 15,035)	$19,673 (5)
Serviced Loans	$14,402 (8)	0	$25,624 (1)	$20,904 (2)
New Loans	$22,148 (14)	$20,238 (4)	($3,471 to 37,567)	$21,709 (3)
Loans Purchased	$13,392 (5)	$19,785 (1)	-----	$20,834 (2)
Loans Sold	$23,870 (7)	0	-----	$25,118 (2)
Refinancings($)				
% Net Extensions	13.64%	3.07%	21.0% (2)	0% (3)
(range)	(1.59 to 21.12%)	(0(3) to 10%)	(17.3 to 24.6%)	(0(2) to 7.9%)
Serviced Loans(#)				
% of loans serviced and outstanding	75.44% (9) (48.8 to 100%)	0 (0)	0.05% -----	47.5% (2) (17.6 to 77.4%)
Purchased Loans(#)				
% of loans purchased and originated	10.71% (5) (1.2 to 29.1%)	1.1% (4) (0(3) to 19.6%)	0 (0)	38.6% (2) (24.2 to 53.0%)
Loans Sold(#)				
% of loans sold and originated	100% (8) (39.0 to 139.0%)	0 (0)	0 (0)	68.6% (1) -----

respondents, equalled approximately four percent of the number of new loans originated in 1982. Unsurprisingly, mortgage bankers were the most active sellers of loans, but surprisingly, savings institutions were not far behind. Interestingly, more NSMA members reported purchasing loans than reported selling them. The number of loans purchased was reported as 48,213 by 20 respondents. That amount equalled 9% of the amount of loans originated in 1982. Second mortgage purchase activity was most prevalent at savings and loan associations and mortgage bankers. However, several finance companies purchased nearly half their new loan acquisitions.

III. Second Mortgage Growth and Flows

The amount of second mortgage loan holdings reported by NSMA members was 20% larger at year-end 1982 than at the end of 1981 ($18¼ billion versus $15¼ billion). However, such comparisons do not accurately measure growth because 25 more NSMA members reported on the membership application and renewal forms in 1983. In order to measure growth more precisely, the growth rates of individual firms were calculated by comparing 1982 data reported on each survey questionnaire to equivalent data reported for 1981. Those comparisons are reported in Tables 3A and 3B.

Tables 3A and 3B report separate data for each of the eight groups of respondents to the survey. For each item of information, a median (or middle) value is given. Following that, the number of respondents in each group which reported reasonable values is provided in parentheses. Finally, below that, also in parentheses, the range of reasonable responses is provided. The low value is on the left side of the parentheses.

Table 3A: Growth and Loan Flows, 1982

	Bank Affiliated Finance Companies		Other Finance Companies	
	Small Holders (6)	Large Holders (10)	Small Holders (10)	Large Holders (10)
Growth in:				
Net Outstandings($)	+17.8% (5) (-3.0 to 41.4%)	25.7% (9) (+0.4 to 139.6%)	-13.9% (6) (-23.7 to 15.2%)	+7.1% (9) (-9.6 to +50.5%)
Number of Outstandings	+11.6% (5) (-8.1 to 12.3%)	17.6% (9) (+0.3 to 68.5%)	+2.0% (7) (-36.4 to 10.5%)	+2.4% (9) (-13.6 to +37.5%)
Average Size of Net Outstandings	+5.5% (5) (+4.7 to 26.7%)	+4.8% (9) (-1.1 to 42.2%)	+2.8% (6) (-30.2 to 22.0%)	+6.2% (9) (-8.5 to +21.7%)
Net Originations ($)	+11.0% (6) (-21.9 to 24.1%)	-12.1% (8) (-44.6 to 229.1%)	-25.9% (2) (-70.7 to +2.5%)	-11.3% (10) (-66.2 to +45.7%)
Number of Originations	-1.3% (6) (-28.8 to 13.2%)	-8.1% (9) (-44.1 to 190.5%)	-25.8% (7) (-70.7 to -3.1%)	-13.6% (10) (-61.9 to +32.8%)
Average Size of Originations	+11.4% (6) (+1.8 to 18.0%)	+5.8% (8) (-42.8 to 20.2%)	+0.6% (6) (-27.4 to +57.4%)	+8.5% (10) (-16.4 to +20.5%)
Number Serviced	-----	384.4% (1)	-----	-----
Repayments				
Refinancings %, Net Basis	32.1% (5) (15.4 to 43.0%)	6.7% (5) (0 to 12.5%)	44.6% (6) (12.0 to 57.8%)	28.1% (7) (0.7 to 74.3%)
Net Repayment Rate after purch. and sale	36.1% (5) (28.0 to 43.5%)	26.34% (9) (16.07 to 67.11%)	24.9% (5) (14.2 to 63.5%)	28.4% (9) (21.7 to 55.2%)
Repayment Rate, Net Basis	37.0% (5) (27.1 to 48.0%)	24.5% (9) (13.0 to 67.1%)	63.5% (5) (14.2 to 86.5%)	26.8% (9) (20.2 to 56.8%)
Repayment Rate, Gross Basis	37.0% (5) (30.2 to 50.2%)	27.5% (7) (14.8 to 60.9%)	48.5% (6) (27.3 to 97.2%)	29.1% (7) (24.0 to 57.9%)
Cash Repayments, Net Basis	22.1% (4) (20.3 to 28.7%)	24.4% (6) (19.5 to 64.6%)	18.0% (5) (14.2 to 78.8%)	16.9% (7) (1.5 to 44.4%)
Cash Repayment rate, adjusted for purch. & sale	21.2% (5) (16.8 to 30.6%)	20.12% (9) (16.07 to 59.66%)	15.6% (5) (14.2 to 43.4%)	21.0% (8) (4.5 to 24.9%)
Type of Originations				
% Purchase Money Loans	1% (2)	10% (7) (0 to 25%)	2% (3) (1 to 5%)	0% (4) (0(3) to 13.3%)
% Loans to Households (#)	100% (5)	98.5% (9) (63.1 to 100%)	100% (1) -----	100% (5) (99.8 to 100(4)%)
% Loans to Households ($)	100% (5)	99.2% (10) (58.3 to 100%)	100% (1) -----	100% (5) (99.7 to 100(4)%)

Table 3B: Growth and Loan Flows, 1982

	Mortgage Banks (16)	Commercial Banks (4)	Miscellaneous (4)	Savings Institutions (5)
Growth in:				
Net Outstandings($)	-0.9% (4) (-76.7 to 44.0%)	+26.2% (3) (1.8 to 46.4%)	+29.0% (2) (14.1 to 33.8%)	70.5% (5) (29.6 to 202.8%)
Number of Outstandings	+16.3% (5) (-74.3 to 110%)	+17.8% (3) (5.8 to 47.8%)	+5.1% (3) (-2.7 to 32.7%)	45.6% (4) (17.6 to 126.0%)
Average Size of Outstandings	-1.3% (4) (-12.4 to 2.3%)	-0.9% (3) (-3.8 to 47.1%)	+11.6% (2) (+8.2 to 15.0%)	+4.7% (4) (-5.5 to 13.3%)
Net Originations ($)	-1.0% (6) (-46.4 to 34.8%)	+9.6% (3) (-10.2 to 134.8%)	+38.5% (1) -----	-8.3% (2) (-48.1 to 31.4%)
Number of Originations	-3.8% (6) (-43.6 to 23.5%)	+8.9% (3) (-29.4 to 183.5%)	-0.7% (2) (-33.8 to 32.4%)	-7.7% (2) (-46.2 to 30.7%)
Average Size of Originations	+3.58% (6) (-14.5 to 33.6%)	+0.6% (3) (-17.2 to 27.1%)	+4.6% (1) -----	-1.5% (2) (-3.6 to 0.6%)
Number Serviced	+27.3% (2) (21.5 to 33.0%)	-----	0	+322% (1)
Repayments				
Refinancings %, Net Basis	0% (12) (0(8) to 21.1%)	0% (3) (0 to 10.3%)	21.0% (2) (+17.3 to 24.6%)	0% (2) (0 to 7.9%)
Net Repayment Rate After Purch. and Sale	29.0% (4) (23.7 to 38.2%)	25.44% (3) (7.48 to 26.64%)	40.9% (1) -----	17.0% (3) (5.3 to 17.8%)
Repayment Rate, Net Basis	156.5% (4) (27.2 to 257%)	26.0% (2) (25.4 to 26.6%)	20.8% (2) -----	10.4% (2) (2.9 to 17.8%)
Repayment Rate Gross Basis	128.9% (5) (30.3 to 180.5%)	(25.2 to 54.4%)	45.2% (2) (+43.2 to 47.2%)	----- -----
Cash Repayments, Net Basis	105.3% (4) (28.7 to 379.3%)	23.4% (2) (21.4 to 25.4%)	34.2% (1) -----	17.8% (1) -----
Cash Repayment Rate, net adjusted for purch. & sale	24.93% (4) (6.9 to 32.6%)	21.36% (3) (7.48 to 26.64%)	----- -----	14.0% (3) (5.3 to 17.8%)
Type of Originations				
% Purchase Money Loans	5% (11) (0(2) to 20%)	0.5% (2) (0 to 1%)	----- -----	10% (4) (5 to 40%)
% Loans to Households (#)	100% (10) (79.2 to 100(7))	91.4% (2) (82.8 to 100%)	100% (1) -----	100% (3) -----
% Loans to Households ($)	100% (10) (79.3 to 100(7))	86.9% (2) (73.7 to 100%)	100% (1) -----	100% (3) -----

The data reported in Tables 3A and 3B indicate that respondents reported a wide variety of growth experience in 1982. While loan outstandings grew sharply at most commercial banks and savings associations, numerous finance companies and mortgage banks reported declines in second mortgage holdings. Median growth rates in outstandings ranged from -13.9% to +25.7% at finance companies and mortgage banks, and from +26.2% to +70.5% at other lenders. Growth rates at most lenders were not strongly affected by growth in the average size of loans held as average loans sizes typically grew by only a small amount.

Growth in the rate of loan originations was negative at most lenders. Only commercial banks had a positive median growth rate for both the number and amount of second mortgage originations. While the average size of net originations grew by a few percent at most lenders, because of the decline in the number of new loans originated, the dollar value of net originations actually fell from 1981 to 1982 for most respondents.

Cash repayment rates on second mortgage loans, when adjusted for purchases and sales and refinancings, averaged approximately 20% at most lenders. They were somewhat lower at savings institutions and somewhat higher at mortgage banks. Repayment rates unadjusted for the effects of refinancings were considerably higher than cash repayment rates at finance companies, since finance companies generally had a substantial number of refinancings. Repayment rates unadjusted for purchases and sales were substantially higher than adjusted repayment rates for mortgage banks, due to extensive participation of mortgage banks in the secondary mortgage markets.

Repayment rates measure scheduled amortization, prepayments, and

Table 4A: Loan Sizes and Terms, 1982

	Bank Affiliated Finance Companies		Other Finance Companies	
	Small Holders	Large Holders	Small Holders	Large Holders
Average Loan Sizes	(6)	(10)	(10)	(10)
Net Outstandings	$9,463 (6) (8,754 to 16,726)	$13,789 (10) (8,513 to 27,608)	$7,723 (8) (5,009 to 50,914)	$13,100 (9) (7,873 to 14,515)
New Originations, Net	$11,745 (6) (7,966 to 21,197)	$17,688 (9) (9,837 to 28,825)	$10,941 (8) (6,747 to 54,363)	$15,545 (10) (10,917 to 49,328)
Loans to Households	$11,433 (5) (8,439 to 13,049)	$18,047 (9) (11,550 to 57,524)	$19,905 (1) -----	$12,880 (5) (10,761 to 15,711)
Loans to Business	-----(0) -----	$68,470 (5) (15,284 to 92,147)	----- -----	$131,741 (1) -----
Serviced Loans, Net	-----(0) -----	$17,793 (1) -----	$10,972 (1) -----	$13,114 (3) (13,050 to 29,600)
Loans Purchased, Net	$9,700 (3) (9,420 to 19,559)	$11,341 (3) (2,523 to 40,330)	$13,137 (2) (12,389 to 13,884)	$10,383 (4) (3,697 to 21,445)
Loans Sold, Net	$12,144 (1) -----	$21,504 (1) -----	$11,123 (3) (6,304 to 21,371)	$10,691 (2) (7,879 to 13,503)
Loan Terms				
Average Maturity	78 mo. (3) (72 to 85 mo.)	115.5 mo. (8) (60 to 180 mo.)	82.5 mo. (4) (68 to 120 mo.)	98.9 mo. (8) (24 to 140 mo.)
Loan to Value Ratio (Maximum)	77.5% (4) (75 to 80%)	80% (9) (60 to 90%)	80% (5) (80 to 85%)	80% (8) (75 to 90%)
Loan to Equity Ratio (Average)	72.5% (2) (70 to 75%)	75% (6) (70 to 80%)	70% (4) (64.45 to 80%)	68.5% (4) (45 to 80%)

Table 48: Loan sizes and Terms, 1982

	Mortgage Bankers	Commercial Banks	Miscellaneous	Savings Institutions
Average Loan Sizes	(16)	(4)	(4)	(5)
Net Outstandings	$20,183 (8) (9,168 to 32,360)	$16,691 (4) (9,802 to 29,278)	$9,105 (2) (3,175 to 15,035)	$17,247 (5) (10,102 to 39,679)
New Originations, Net	$20,988 (14) (5,242 to 60,000)	$23,881 (4) (14,365 to 30,650)	$20,519 (2) (3,471 to 37,567)	$18,349 (3) (15,424 to 22,679)
Loans to Households	$15,568 (9) (5,038 to 60,000)	$41,523 (2) (19,269 to 63,776)	$3,018 (1) -----	$17,289 (3) (15,463 to 22,908)
Loans to Business	$12,410 (3) (8600 to 15,464)	$33,000 (1) -----	----- -----	-----(0) -----
Serviced Loans, Net	$21,226 (7) (3,963 to 39,843)	----- -----	$25,625 (1) -----	$28,242 (2) (16,558 to 39,925)
Loans Purchased, Net	$15,414 (5) (7,712 to 77,940)	$19,785 (1) -----	----- -----	$20,287 (2) (19,696 to 20,878)
Loans Sold, Net	$29,417 (7) (13,218 to 60,000)	-----	-----	$31,000 (2) (22,001 to 40,000)
Loan Terms				
Average Maturity	120 mo. (13) (37 to 180 mo.)	165 mo. (3) (48 to 180 mo.)	66 mo. (1)	79.6 mo. (4) (36 to 100 mo.)
Loan to Value Ratio (Maximum)	80% (13) (75 to 95%)	75% (3) (75 to 80%)	90% (1)	75% (5) (69.77 to 85%)
Loan to Equity Ratio (Average)	72% (10) (65 to 78%)	65% (3) (65 to 80%)	33% (1)	67.17% (4) (61 to 80%)

renewals expressed as a percentage of average balances outstanding. Cash repayment rates are calculated similarly except they excluded renewals--since no cash need change hands in that case. Repayment rates were adjusted for purchases and sales by calculating repayment rates as (Extensions + Outstandings at end of previous year + Purchases - Sales - Outstandings at end of current year)/Average Outstandings in 1982.

Median repayment rates on a net basis were generally between 30% and 40% of average outstandings in 1981 and the median repayment rate reported for all lenders in 1980 was 44.8 %.[1] After refinancings (which accounted for 10 to 40% of most finance company loan originations) and purchases and sales were taken into account, cash repayment rates at most lenders most commonly ranged from 10% to 30% in 1982, which was somewhat lower than repayment rates reported in recent years. Seemingly, longer loan maturities have slowed scheduled repayments of principle and financial difficulty reduced prepayments unassociated with refinancing.

The final data reported in Tables 3A and 3B indicate that, as was true in previous years, the vast majority of respondents rarely made second mortgages to finance either business activities or a consumer's acquisition of a new house.

IV. Loan Sizes and Terms

As shown in Tables 4A and 4B, the average size of second mortgage

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[1]See Richard L. Peterson, Marc Van Doorne and Margaret Woo, "Second Mortgage Survey, 1981," Credit Research Center, Working Paper No. 42, Purdue University, 1982.

loans held and made varied substantially by the type and size of lender. Finance companies with relatively small second mortgage holdings typically held and made much smaller loans than either larger holders of second mortgages or other types of financial institutions. In particular, median responses indicate that the typical "small" finance company had an average new loan size of $10,941 if it were not affiliated with a bank and $11,433 if it were affiliated with a bank. In contrast, finance companies that were "larger" holders had median new loan sizes of $15,545 for those not affiliated with banks and $17,688 for those affiliated with banks. Other institutions had median new loan sizes that ranged from $18,349 at reporting savings associations to $23,881 at commercial banks.

Second mortgage loans made to business often were substantially larger than those made to households. The average size of business loans ranged up to $131,741 at the firm that made the largest second mortgage loans to business.

The average size of loans serviced, purchased, and sold varied widely among respondents. Probably different respondents specialized in different types of markets--such as purchasing, selling, or servicing small consumer loans (such as home improvement loans), large home purchase loans, or business loans.

The average maturity of second mortgages also varied widely-- from a minimum of 24 months to a maximum of 180 months. Most commonly, second mortgage loans seemed to have maturities of six to ten years--with many made as short as 5 years and some as long as ten to fifteen years.

Maximum loan to value ratios ranged from 60% to 90%, with most lenders using a 75% or 80% requirement. Loan to equity ratios were lower than loan

to value ratios because preexisting (first) mortgages had prior claim on the value of the property. Reported loan to equity ratios ranged from 33% to 80% with most between 65% and 75%.

Overall, loan terms appeared to have changed very little in the last few years. While average loan sizes often were slightly larger, typical loan maturities and loan-to-value ratio requirements appeared to be little changed. However, because some tightening of loan terms occurred in 1980, loan terms in 1982 (particularly loan-to-value ratios) probably were slightly more restrictive than they were before 1980.

V. Profitability of Second Mortgage Lending

Tables 5A, 5B, 5C, and 5D summarize the data relating to the profitability of second mortgage lending. Because many respondents were not able to provide the requested information for second mortgage holdings, per se, they were asked to provide similar information for their full portfolio. This procedure had several advantages. First, some key ratios, such as costs of borrowed funds and debt-to-equity ratios probably are most appropriate when they are measured for the full portfolio. Second, for those institutions that could provide independent data for second mortgages and their full portfolios, it allows the relative levels of interest yields, profitability, and non-interest revenue sources (such as origination fees, service charges, and insurance) to be compared.

Overall, the data indicate that second mortgage lending generally returned to profitability in 1982. While a few repondents still reported losses, most reported profitable operations in 1982. Thus, median pretax

Table 5A: Profitability Factors

	Bank Affiliated Finance Companies			
	Large Holders (10)		Small Holders (6)	
Debt Ratios	Seconds Only	Full Portfolio	Seconds Only	Full Portfolios
Interest Paid/ Average Debt	12.05% (3) (11.25 to 12.68%)	12.50% (8) (11.32 to 12.91%)	12.6% (3) (12.2 to 13.5%)	12.7% (6) (12.2 to 13.8%)
Debt/Equity Ratio	5.49 (2) (4.77 to 14.34)	5.35 (9) (4.05 to 14.34)	9.7 (3) (6.0 to 10.4)	5.3 (6) (4.2 to 10.4)
Debt/Average Receivables	89.2% (4) (81.2 to 95.8%)	82.1% (9) (64.9 to 97.1%)	86.9% (3) (85.0 to 102.7%)	82.8% (5) (76.9 to 85.4%)
Returns				
Gross Returns/ Avg. Receivables	19.79% (4) (14.22 to 24.72%)	21.85% (9) (16.14 to 25.36%)	19.3% (3) (18.1 to 22.0%)	24.2% (5) (18.9 to 30.0%)
Interest Returns/ Avg. Receivables	19.98% (5) (13.84 to 22.08%)	18.62% (8) (14.38 to 24.03%)	18.0% (3) (17.9 to 21.5%)	20.0% (5) (16.3 to 22.6%)
Interest Returns/ Gross Returns	98.1% (4) (81.5 to 100%)	89.1% (8) (77.5 to 97.2%)	97.7% (3) (93.3 to 98.5%)	82.8% (6) (65.2 to 86.2%)
Service Fee/ Gross Returns	0 -----	4.90% (1) -----	0% (3) (0 to 1.8%)	0% (6) (0 to 0.8%)
Origination Fee/ Gross Returns	3.50% (2) (1.53 to 5.48%)	4.09% (3) (2.28 to 5.48%)	1.5% (3) (0 to 2.8%)	0.3% (6) (0 to 0.7%)
Broker Fee/ Gross Returns	0 -----	7.43% (1) -----	0 -----	0 -----
Insurance Fee/ Gross Returns	1.13% (3) (1.11 to 7.47%)	5.37% (9) (0.16 to 11.41%)	0% (3) (0 to 4.5%)	13.95% (6) (9.5 to 35.2%)
Pretax Profits/ Gross Returns	17.45% (3) (13.82 to 18.20%)	11.16% (9) (9.50 to 24.90%)	7.2% (3) (1.8 to 26.0%)	15.2% (5) (6.7 to 18.9%)
Pretax Profits/ Equity	26.53% (3) (20.70 to 30.08%)	17.87% (9) (9.71 to 39.50%)	11.2% (3) (3.3 to 56.1%)	20.9% (5) (11.2 to 35.1%)
Pretax Profits/ Avg. Receivables	3.53% (3) (1.96 to 4.50%)	2.73% (9) (1.60 to 5.76%)	1.6% (3) (0.3 to 5.0%)	3.8% (5) (1.6 to 5.0%)
Fees				
Origination Fee/ Originations	2.11% (2) (1.32 to 2.91%)	----- -----	0.6% (3) (0 to 1.3%)	----- -----
Broker Fee/ Originations	0	----- -----	0 -----	----- -----
Insurance Fee/ Originations	0.98% (3) (0.55 to 3.97%)	----- -----	0% (3) (0 to 1.9%)	----- -----
Total Fees/ Gross Income	2.66% (3) (1.11 to 18.54%)	----- -----	2.3% (3) (1.5 to 6.7%)	17.2% (6) (13.7 to 35.2%)

Table 5B: Profitability Factors

	Other Finance Companies			
	Large Holders (10)		Small Holders (10)	
Debt Ratios	Seconds Only	Full Portfolio	Seconds Only	Full Portfolios
Interest Expense/ Average Debt	11.25% (3) (8.59 to 12.92%)	11.76% (9) (3.59 to 26.40%)	----- -----	14.51% (4) (5.79 to 22.4%)
Debt/Equity Ratio	5.61 (2) (3.50 to 7.72)	5.50 (8) (0.12 to 12.30)	----- -----	3.68 (2) (2.84 to 4.52)
Debt/Average Receivables	51.05% (2) (9.25 to 92.84%)	86.63% (6) (2.9 to 103%)	----- -----	
Returns				
Gross Returns/ Avg. Receivables	17.79% (2) (17.47 to 18.10%)	19.0% (5) (15.86 to 45.4%)	20.1% (1) -----	24.30% (5) (19.71 to 29.87%)
Interest Returns/ Avg. Receivables	17.58% (4) (16.49 to 22.85%)	19.13% (6) (15.86 to 22.09%)	18.42% (4) (17.88 to 19.61%)	22.04% (5) (15.19 to 23.51%)
Interest Returns/ Gross Returns	98.9% (2) (97.8 to 100%)	98.5% (8) (46.2 to 100%)	95.27% (2) (91.63 to 98.90%)	81.32% (5) (77.05 to 95.80%)
Service Fee/ Gross Returns	1.14% (1)	0 (8) (0(7) to 1.14%)	0 -----	0 -----
Origination Fee/ Gross Returns	0.14% (1)	0 (8) (0(6) to 1.63%)	2.76% (2) -----	0.43% (1) -----
Broker Fee/ Gross Returns	0 -----	0 (8) (0(7) to 0.16%)	0 -----	0 -----
Insurance Fee/ Gross Returns	0.46% (1)	1.48% (6) (10.09 to 33.5%)	0 -----	16.0% (5) (4.20 to 22.52%)
Pretax Profits/ Gross Returns	----- -----	10.3% (8) (-2.1 to 25.1%)	47.93% (1) -----	
Pretax Profits/ Equity	4.33% (1)	11.1% (9) (-1.0 to 22.8%)	16.62% (1) -----	10.71% (5) (6.44 to 14.81%)
Pretax Profits/ Avg. Receivables	0.52% (1)	2.0% (8) (0.00 to 18.47%)	9.64% (1) (1.66 to 3.52%)	2.14% (5) (1.66 to 3.52%)
Fees				
Origination Fee/ Originations	2.02% (2) (10.04 to 3.99%)	----- -----	4.62% (2) (3.07 to 6.18%)	----- -----
Broker Fee/ Originations	0.04% (1) -----	----- -----	0 -----	----- -----
Insurance Fee/ Originations	0.20% (2) (0.14 to 0.26%)	----- -----	0 -----	----- -----
Total Fees/ Gross Incomes	2.23% (1) -----	2.19% (7) (0.09 to 36.02%)	2.76% (2) (1.06 to 4.47%)	18.68% (5) (4.20 to 22.95%)

Table 5C: Profitability Factors, 1982

	Commercial Banks (4)		Savings Institutions (5)	
	Seconds Only	Full Portfolio	Seconds Only	Full Portfolios
Debt Ratios				
Interest Expense/ Average Debt	-----	3.85% (1)	9.55% (1)	9.55% (1)
Debt/Equity Ratio	-----	-----	4.58% (1)	4.58% (1)
Debt/Average Receivables	97.6% (1)	90.9% (1)	0.01% (1)	0.002% (1)
Returns				
Gross Returns/ Avg. Receivables	19.0% (1)	15.3% (1)	2.0% (1)	-----
Interest Returns/ Avg. Receivables	17.6% (1)	14.5% (1)	----- -----	----- -----
Interest Returns/ Gross Returns	92.7% (1)	94.8% (1)	----- -----	----- -----
Service Fee/ Gross Returns	1.8% (1)	1.4% (1)	63.3% (1) -----	----- -----
Origination Fee/ Gross Returns	4.9% (1)	3.9% (1)	35.8% (1)	----- -----
Broker Fee/ Gross Returns	-----	-----	----- -----	----- -----
Insurance Fee/ Gross Returns	-----	-----	0.4% (1) -----	----- -----
Pretax Profits/ Gross Returns	-----	77.1%	-3.56% (1) -----	----- -----
Pretax Profits/ Equity	-----	-----	-31.3% (1) -----	----- -----
Pretax Profits/ Avg. Receivables	-----	11.82%	-0.07% (1)	----- -----
Fees				
Origination Fee/ Originations	2.45%	----- -----	2.26% (1) -----	----- -----
Broker Fee/ Originations	----- -----	----- -----	0 -----	----- -----
Insurance Fee/ Originations	----- -----	----- -----	0.02% (1) -----	----- -----
Total Fees/ Gross Income	7.33%	5.17%	100% (1)	-----

Table 5D: Profitability Factors, 1982

	Miscellaneous (4)		Mortgage Bankers (16)	
	Seconds Only	Full Portfolio	Seconds Only	Full Portfolios
Debt Ratios				
Interest Expense/ Average Debt	12.2% (1) -----	12.6% (2) (12.2 to 13.1%)	28.03% (2) (20.99 to 35.07%)	16.7% (8) (11.91 to 35.07%)
Debt/Equity Ratio	6.20 (1) -----	5.39 (2) (4.59 to 6.20%)	5.67 (2) (1.14 to 10.21%)	4.56 (7) (1.14 to 20.65%)
Debt/Average Receivables	34.8% (1) -----	147.5% (2) (68.7 to 226.3%)	98.0% (2) (95.99 to 100%)	88.0% (7) (5.9 to 231%)
Returns				
Gross Returns/ Avg. Receivables	----- -----	34.6% (2) (22.1 to 47.2%)	39.35% (1) -----	29.64% (7) (1.67 to 71.8%)
Interest Returns/ Avg. Receivables	----- -----	32.0% (2) (21.6 to 42.5%)	31.68% (2) (29.34 to 34.02%)	23.4% (4) (19.62 to 25.83%)
Interest Returns/ Gross Returns	90.0% (1)	94.0% (2) (90.0 to 98.0%)	37.57% (3) (12.08 to 74.56%)	46.2% (7) (11.95 to 82.8%)
Service Fee/ Gross Returns	0 (1) -----	0 (2) -----	17.1% (2) (12.08 to 22.1%)	7.16% (5) (0.8 to 21.9%)
Origination Fee/ Gross Returns	0 (1) -----	0 (2) -----	34.3% (3) (15.09 to 85.9%)	46.0% (6) (0.9 to 72.82%)
Broker Fee/ Gross Returns	0 (1) -----	0 (2) -----	0 -----	9.2% (6) (0 to 73.4%)
Insurance Fee/ Gross Returns	10.0% (1) -----	5.0% (2) (0 to 10.0%)	0.41% (3) (0 to 4.97%)	4.84% (7) (0 to 40.8%)
Pretax Profits/ Gross Returns	10.6% (1) -----	14.7% (2) (10.6 to 18.8%)	22.48% (3) (18.69 to 30.66%)	11.93% (8) (-1.00 to 30.68%)
Pretax Profits/ Equity	13.7% (1) -----	20.7% (2) (13.7 to 27.7%)	75.09% (3) (14.35 to 107.0%)	21.74% (8) (-17.12 to 79.89%)
Pretax Profits/ Avg. Receivables	7.7% (1) -----	4.6% (2) (4.1 to 5.0%)	9.70% (2) (7.35 to 12.05%)	21.91% (8) (-0.72% to 29.0%)
Fees				
Origination Fee/ Originations	----- -----	----- -----	3.48% (3) (1.00 to 4.92%)	----- -----
Broker Fee/ Originations	----- -----	----- -----	3.94% (1) -----	----- -----
Insurance Fee/ Originations	----- -----	----- -----	0.15% (3) (0.13 to 0.66%)	----- -----
Total Fees/ Gross Income	10.0% (1) -----	6.0% (2) (2.0 to 10.0%)	62.71% (3) (25.44 to 100%)	58.0% (8) (25.44 to 88.05%)

returns on equity were 10% or more (often substantially more) for most lender groups.

A major factor contributing to the improved profit picture was a sharp reduction in the cost of borrowed funds from 1981, which generally fell to the 12 or 13% range from 14% or more in 1981 (See the Appendix for 1981 data). In addition, both median gross revenues and median interest returns rose relative to average receivables for bank-affiliated finance companies and remained relatively high, at 17.6% or more, for all other lender groups. Thus, in general, second mortgage revenues stayed high or increased while financing costs fell during 1982.

Median interest returns received on second mortgages ranged from 17.6% to 19.98 percent of average second mortgage receivables at commercial banks and finance companies to more than 30% at a mortgage bank. While a few respondents reported interest returns as low as 14%, many others reported returns in the 18% to 24% range.

Gross revenues were even higher relative to average second mortgages receivables than interest returns. That was so because many lenders were able to augment their gross revenues by charging mortgage origination fees or selling credit insurance. Consequently, interest returns usually accounted for 90 to 98% of gross returns on second mortgages. While this percentage was higher for second mortgage lending than it was for lender's full portfolios, it shows that non-interest sources of revenue were often important.

Overall, most second mortgage lenders increased their gross returns on second mortgages in 1982. As previously noted, rising interest returns were the most important factor. However, insurance fees added approxima-

tely 1% to the revenues of many finance companies. Furthermore, origination fees added several percentage points to the revenues of most firms and contributed a substantial share (over 34%) of the revenues earned by mortgage bankers. For most lenders, origination fees averaged between 2% and 10% of originations and total fees contributed 2% to 10% of gross income. However, because they hold very few of the loans they originate, total fees accounted for most of the gross income earned by mortgage bankers.

VI. Loan Delinquencies, Chargeoffs and Foreclosures

The data reported on loan delinquencies in Tables 6A and 6B summarize key data on delinquencies, foreclosures, and losses. They median delinquency data, in general, were somewhat higher in 1982 than comparable data in 1981. The increase in median delinquency rates for 60 days or more ranged from a 0.7% decline at savings associations to a 1.1% increase at bank-affiliated finance companies and savings associations. Total 60 day and over delinquency rates for second mortgages generally averaged between 2 and 3% in 1982 (except for commercial banks, savings associations, and large individual finance companies) and averaged below 2% in 1981.

While most lenders reported relatively low delinquency rates, some lenders had far worse experience--with reported delinquency rates of up to 9 or 10% for several finance companies and up to 30 or 40% for several mortgage banks. A substantial number of delinquencies were relatively long-term as many lenders reported 90 to 180 day delinquencies of one-half percent or more, and a number reported substantial delinquencies more than

Table 6A: Delinquencies, Foreclosures and Chargeoffs, 1982

Delinquencies(%)	Bank Affiliated Finance Companies		Other Finance Companies	
	Small Holders	Large Holders	Small Holders	Large Holders
60 days +	2.9% (3) (0.8 to 4.4%)	2.4% (7) (0.62 to 3.72%)	2.93% (6) (1.0 to 9.2%)	1.61% (6) (0.8 to 10.3%)
60-90 days	.27% (3) (0.23 to 1.23%)	0.68% (7) (0.07 to 0.99%)	1.26% (5) (0.4 to 2.12%)	0.5% (5) (0.2 to 4.86%)
90-180 days	1.49% (3) (.42 to 1.67%)	0.8% (7) (0.55 to 1.14%)	1.59% (5) (0.5 to 3.6%)	0.5% (6) (0.2 to 5.44%)
180 days +	1.14% (3) (.15 to 1.49%)	0.73% (6) (0.2 to 2.0%)	0.96% (5) (0.1 to 4.0%)	0.4% (2) (0.3 to 0.5%)
Foreclosures (#)	106 (6)	821 (9)	131 (9)	1731 (8)
Amount ($)	$1,200,467 (6)	$33,674,353 (9)	$4,523,906	$35,349,322
As % of:				
Outstandings (#)	0.59% (5) (0.1 to 1.7%)	0.36% (9) (0.10 to 2.58%)	0.75% (7) (0.2 to 31.8%)	0.35% (6) (0 to 0.67%)
Year Earlier Outstandings (#)	0.66% (5) (0.1 to 1.9%)	0.45% (8) (0.18 to 2.80%)	0.77% (6) (0.22 to 1.63%)	0.33% (6) (0 to 0.77%)
Average Outstandings ($)	0.82% (6) (0.1 to 2.6%)	0.90% (8) (0.21 to 7.51%)	0.91% (5) (0.50 to 1.26%)	0.62% (8) (0 to 1.32%)
Year Earlier Outstandings ($)	0.90% (5) (0.1 to 3.0%)	1.03% (8) (0.38 to 7.91%)	0.68% (5) (0.44 to 1.43%)	0.74% (7) (0 to 1.28%)
Chargeoffs				
Gross Chargeoffs/ Average Outstandings	0.24% (6) (0 to 0.5%)	0.51% (8) (0.08 to 7.7%)	0.17% (6) (0 to 21.3%)	0.47% (10) (0 to 1.38%)
Net Chargeoffs/ Average Outstandings	0.22% (6) (0 to 0.5%)	0.37% (9) (0.06 to 6.2%)	0.38% (6) (0 to 16.1%)	0.43% (9) (0.03 to 1.12%)
Recoveries/Gross Chargeoffs	7.0% (4) (3.4 to 16.5%)	8.1% (9) (0 to 26.7%)	13.3% (7) (0 to 7.5%)	10.2% (8) (0 to 22.9%)
Reserves				
As % of Net Outstandings	1.66% (10) (0.75 to 5.7%)	1.66% (10) (0.75 to 5.7%)	2.53% (5) (0.37 to 3.68%)	1.44% (8) (.004 to 10.2%)
As % of Gross Outstandings	1.10% (9) (0.13 to 2.76%)	1.10% (9) (0.13 to 2.76%)	2.18% (5) (0.16 to 3.59%)	0.91% (7) (0.10 to 5.9%)
Delinquency Policy				
% payments required to keep current	50,90,95, 100 (6)	50,100(4)	75,80,100 (4)	50,90,100(8)
% payments required to "cure"	3,100(4)	2,100(3)	3, 100(3)	100 (6)

Table 6B: Delinquencies, Foreclosures and Chargeoffs, 1982

Delinquencies(%)	Commercial Banks (4)	Savings and Loans (5)	Miscellaneous (4)	Mortgage Banks (16)
60 days +	0.37% (2) (0.1 to 0.64%)	0.97% (4) (0 to 4.66%)	2.13% (2) (1.9 to 2.36%)	2.7% (7) (1.38 to 39%)
60-90 days	0.17% (2) (0.03 to 0.32%)	0.26% (4) (0 to 0.93%)	0.43% (2) (0.16 to 0.7%)	0.64% (6) (0.45 to 12%)
90-180 days	0.18% (2) (0.04 to 0.32%)	0.44% (4) (0 to 0.66%)	0.23% (2) (0.15 to 0.45%)	1.05% (6) (0.69 to 30.1%)
180 days +	0.02% (1)	1.63% (2) (0 to 3.26%)	1.20% (2) (0.75 to 1.7%)	0.88% (6) (0 to 12%)
Foreclosures (#)	6 (3)	100 (5)	262 (4)	592 (15)
Amount ($)	$248,079 (3)	$17,809,897 (5)	$2,969,204 (4)	$4,926,367 (14)
As % of:				
Outstandings (#)	0.04% (1)	0.18% (5) (0 to 1.65%)	0.53% (3) (0.41 to 2.69%)	0.17% (13) (0(6) to 61.1%)
Year Earlier Outstandings (#)	0.04% (1)	0.15% (4) (0 to 2.84%)	0.51% (3) (0.48 to 2.83%)	1.86% (5) (0 to 16.27%)
Average Outstandings ($)	0.17% (1)	2.10% (5) (0 to 2.76%)	0.75% (3) (0.26 to 3.74%)	1.24% (6) (0 to 13.10%)
Year Earlier Outstandings ($)	0.19% (1)	2.83% (5) (0 to 5.05%)	2.44% (2) (0.87 to 4.01%)	6.27% (4) (0.59 to 13.87%)
Chargeoffs				
Gross Chargeoffs/ Average Outstandings	0.04% (1)	0.04% (5) (0(2) to 0.42%)	1.27% (2) (0.44 to 2.12%)	0.68% (6) (0(2) to 4.65%)
Net Chargeoffs/ Average Outstandings	0.03% (1)	0.04% (5) (0(2) to 0.42%)	1.04% (2) (0.44 to 1.64%)	0.5% (6) (0(3) to 2.85%)
Recoveries/Gross Chargeoffs	28.9% (1)	----- -----	11.2% (2) (0 to 22.3%)	18.33% (5) (0 to 40.4%)
Reserves				
As % of Net Outstandings	0.98% (1)	0.5% (3) (0.04 to 0.60%)	3.15% (1) -----	1.59% (5) (0.65 to 3.09%)
As % of Gross Outstandings	0.98% (1)	0.17% (2) (0.01 to 0.34%)	2.4% (2) (2.1 to 2.8%)	1.27% (6) (0.60 to 6.15%)
Delinquency Policy				
% payments required to keep current	100% (3)	100% (5)	100% (1)	50,100-5,100(7)
% payments required to "cure"	100% (2)	100% (3)	100% (1)	100-5,100(7)

180 days past due.

Delinquency policies were generally strict (see the bottom of Tables 6A and 6B). Most lenders required 100% payment for an account to remain current or become cured. A few allowed a borrower to miss a portion of one payment or allowed an account to be cured if it made 2 or 3 consecutive full payments.

In spite of the increase in delinquencies, as a general rule foreclosure rates increased only modestly. Median rates of foreclosure for most lender groups were close to one-third of one percent of year-end outstandings in 1982, up from one-quarter of one percent a year earlier. Based on year earlier outstandings, median delinquency rates rose only from 1/3 to 1/2 of one percent. However, it again was clear that several lenders were experiencing substantial repayment problems, as at least one lender in each group (except for independent finance companies) reported foreclosures equal to approximately two percent of its outstanding loans--and some finance companies and mortgage bankers reported far higher foreclosure rates.

Because most lenders had low foreclosure rates, net chargeoffs of delinquent loans were quite low at most lenders. Median net chargeoffs equalled less than one-half of one percent of their average outstanding loan balances in all except the miscellaneous lender group. Nonetheless, median chargeoffs were somewhat higher than a year earlier and once again a few lenders fared considerably worse, as several reported chargeoffs equal to two percent or more of their average balances outstanding.

For the most part, net chargeoffs were very close to gross chargeoffs, as reported recoveries most commonly ranged from 7 to 18 percent of gross

chargeoffs. In one case, however, recoveries from charged-off loans in previous years equalled 75% of current chargeoffs, and in many cases, no recoveries were received at all.

Probably because chargeoff rates usually were low, most lenders held loss reserves equal to less than two percent of their balances outstanding.

The disparity between high delinquency, foreclosure, and chargeoff rates at a few lenders and the generally low median delinquency, foreclosure, and chargeoff rates suggests that second mortgage markets may be weaker in some parts of the country than others. For that reason, it is useful to look at comparative geographic data.

VII. State-Specific Data

Respondents to the 1983 NSMA survey were asked to provide data on their second mortgage outstandings, originations, and foreclosures by state. In addition, because state laws on foreclosure vary widely, respondents were asked to provide data on the resolution of their foreclosed second mortgages in each state. Many respondents were not able to provide part or all of the requested data on a state-by-state basis. Nonetheless, thirty-three respondents provided data on at least their loan outstandings and originations and about half of those respondents were also able to provide data on at least the total amount of their foreclosures in each state in 1982. As a general rule, finance companies provided the most complete data--possibly because the survey questions were similar to those used on the Robert Morris reporting form for finance companies.

Tables 7A to 7I present summaries of the data provided by survey

respondents. The number of respondents for each item of information in each state is given in parentheses. The first four items were most frequently reported. They included data on outstandings, originations, the number of foreclosures, and (in most cases, the dollar value of foreclosures) in each state. While the fourth item asked for data on the value of property foreclosed, most respondents reported data on the value of second liens at that point on the questionnaire.

In addition to summary totals of the raw data, several key ratios were computed for each state. The first is the ratio of originations to outstandings (for all institutions that reported both numbers). That ratio reflects the rate of growth in second mortgages in each state (however, it can be biased upward somewhat in states where mortgage bankers are extremely active in originating and selling second mortgages). The ratio of originations to outstandings was highest in the states of Nevada, Minnesota, Alaska, Mississippi, Washington, Delaware and Oklahoma. In all those states new originations accounted for over half of year-end outstandings. Second mortgage growth was also rapid in Alabama, Colorado, Connecticut, Georgia, Florida, Illinois, Massachusetts, New Mexico, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Utah, Tennessee, Texas, Wisconsin, and Wyoming. In those states 1982 originations equalled between 40% and 50% of year-end outstandings.

The growth rate in second mortgage lending was lowest in Maine, California, Oregon, Kansas, and Iowa with 1982 originations below 30% of year-end outstandings in each of those states. New originations in Maine were virtually zero--probably because of the inhospitable environment for consumer finance companies in that state. Other jurisdictions with adverse

regulatory environments (such as Arkansas, Vermont, and Washington, D.C.) reported no second mortgages outstandings at all.

The growth rate of second mortgage lending in California and Oregon was relatively slow--possibly because of second mortgage market saturation on the West coast and a depressed economy in Oregon in 1982. The California second mortgage market, which has existed for a long time, is more than twice as large as the second mortgage market in any other state and, consequently, is growing less rapidly.

The second set of ratios presented in the tables shows the ratio of foreclosures to year-end loan outstandings for firms that reported positive data for both items of information in that state. Those data show whether most firms had relatively low foreclosure rates or if some had a particularly bad experience in each state. As a general rule, reported foreclosure rates were very low (below 1% for all respondents) in the states of Connecticut, Hawaii, Maine, Maryland, Massachusetts, New Hampshire, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, Texas, and Wyoming. Reported foreclosure ratios were relatively high (from 3% to nearly 6% of year-end outstandings) for at least one respondent in the following states: California, Colorado, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Nebraska, Nevada and Utah. While many firms did better than the firm with the highest foreclosure rate in many states where firms had foreclosure problems, the fact that at least one firm had serious difficulty shows that potential problems existed in that state.

An alternative measure of statewide variation in foreclosure rates could be the ratio of all reported foreclosures to all reported outstandings. Theoretically, this ratio is preferable to the ratios presented in

that it takes account of firms that had zero foreclosures in each state. However, it would also be misleading as a number of firms that reported data only on their second mortgage outstandings indicated that state-by-state data on their foreclosures was unavailable, not that their foreclosures were nonexistent. Thus, this ratio was not presented here. If someone wishes to compute it for a particular state, he or she need only divide the data in line four (on the value of foreclosures) by the data on line 1 (on the value of second mortgages outstanding).

The final ratio presented shows the ratio of chargeoffs to foreclosures for firms that reported such information. Since only one to four firms reported such data in each state, the ratio may not be typical of the experience of all lenders. However, it can be used to indicate states in which at least some lenders had difficulty recovering their principal on bad loans. Chargeoffs were highest relative to the value of liens on liquidated properties in Illinois (where one lender either reported bad data or had a terribly high chargeoff rate), Virginia, Texas (where the homestead law restricts the ability of lenders to take a valid lien on second mortgages other than those used for home purchases or home improvements), Florida, Indiana, Washington, Mississippi, and Delaware. In most of those states, ratios of chargeoffs to liquidated liens ranged from 17 1/2% to well over 30%.

In most states, however, recoveries on liquidated properties equalled or nearly equalled the value of second liens. Consequently, chargeoffs were usually zero percent of liquidated loans and in most cases (Arizona and Georgia were minor exceptions) did not exceed 10% of the value of liquidated loans.

Table 7A: 1983 State-Related Data

Data (and Number of Respondents)	State Alabama	Alaska	Arizona	California	Colorado	Connecticut
Outstanding Second Mortgages	$123.5M (7)	$2.1M (1)	$299.5M (11)	$2,015.4M (11)	$366.3M (11)	$70.4M (7)
Originations in 1982	$62.7M (8)	$1.3M (1)	$110.6M (11)	$494.9M (11)	$163.6M (11)	$30.5M (6)
Foreclosures in 1982 (#)	13 (2)	-----	40 (5)	582 (5)	71 (5)	3 (2)
Value of Property Foreclosed	$183,874 (2)	-----	$4,787,822 (6)	$23,233,206 (4)	$3,770,317 (6)	$29,542 (2)
Value of Second Liens	----- (1)	-----	$2,038,565 (3)	$2,200,246 (2)	$805,684 (3)	-----
Value of First Liens	----- (1)	-----	$999,764 (3)	$1,689.529 (2)	$520,581 (3)	-----
Number of Foreclosures Liquidated	2 (1)	-----	25 (4)	[illegible] (3)	53 (4)	-----
Value of Liens Liquidated	$35,348 (1)	-----	$2,036,755 (4)	$17,192,518 (3)	$1,877,957 (4)	-----
Number of Properties Sold	2 (1)	-----	25 (4)	44[illegible] (3)	47 (4)	-----
Value of Properties Sold	$32,631 (1)	-----	$2,036,755 (4)	$15,939,053 (3)	$1,805,007 (4)	-----
Chargeoffs (#)	0 (1)	-----	19 (3)	65 (3)	16 (4)	-----
Chargeoffs (value)	$2,717 (1)	-----	$550,000 (3)	$1,519,015 (4)	$183,603 (4)	-----
Redemptions (#)	0 (1)	-----	0 (2)	1 (1)	0 (2)	-----
Redemptions (value)	0 (1)	-----	0 (2)	$35,000 (1)	0 (2)	-----
Ratios of						
Originations/Outstandings	47.55%	61.35% (11)	36.91% (11)	23.51% (11)	44.66% (11)	43.26% (6)
Foreclosures/Outstandings(%) (Low to High responses)	(0.70 to 1.46%)		(0.38,1.20,1.60, 2.00)	(0.33,0.37,1.10, 2.00,3.66)	(0,0,0.51,0.68, 1.15,5.21)	(0.15,0.28)
Chargeoffs/Value of Second Mortgages Liquidated	7.69%	-----	11.49%	8.83%	9.78%	NA

Table 7B: 1983 State-Related Data

Data (and Number of Respondents)	Delaware	Florida	Georgia	State Hawaii	Idaho	Illinois
Outstanding Second Mortgages	$23.4M (7)	$447.1M (14)	$185.3M (11)	$207.3M (5)	$52.9M (8)	$184.2M (9)
Originations in 1982	$11.8M (7)	$218.9M (15)	$81.6M (12)	$75.1M (5)	$18.9M (8)	$80.9M (9)
Foreclosures in 1982 (#)	1 (2)	33 (6)	17 (4)	1 (1)	16 (3)	36 (4)
Value of Property Foreclosed	$33,116 (1)	$3,069,707 (7)	$309,639 (4)	$8,889 (1)	$428,439 (3)	$17,559,982 (4)
Value of Second Liens	0 (1)	$577,355 (1)	$10,000 (2)	-----	-----	-----
Value of First Liens	0 (1)	$260,013 (1)	-----	-----	-----	-----
Number of Foreclosures Liquidated	1 (1)	24 (5)	7 (3)	-----	25 (2)	69 (3)
Value of Liens Liquidated	$33,116 (1)	$970,134 (5)	$162,731 (2)	-----	$571,853 (2)	$4,360,519 (3)
Number of Properties Sold	1 (1)	22 (5)	6 (2)	-----	22 (2)	69 (3)
Value of Properties Sold	$27,278 (1)	$914,544 (5)	$145,428 (2)	-----	$524,029 (2)	$97,987 (2)
Chargeoffs (#)	0 (1)	15 (4)	0 (1)	-----	3 (2)	36 (1)
Chargeoffs (value)	$5,838 (1)	$221,943 (5)	$17,303 (1)	-----	$47,824 (2)	$2,518,529 (2)
Redemptions (#)	0 (1)	0 (3)	0 (1)	-----	0	1 (1)
Redemptions (value)	0 (1)	0 (3)	0 (1)	-----	0	$10,476 (1)
Ratios of						
Originations/Outstandings	50.14% (7)	45.00% (14)	42.22% (11)	36.23% (5)	35.68% (8)	43.9% (9)
Foreclosures/Outstandings(%) (Low to High in responses)	(3.36%)	(0.18,0.99,1.21, 1.37,2.15,4.45)	(0.08,1.12,1.96)	(0.01%)	(1.10,2.62, 5.93)	(1.73,2.39, 4.59)
Chargeoffs/Value of Second Mortgages Liquidated	17.63%	22.88%	10.63%	-----	8.36%	57.76% (0,0,58.5)

Table 7C: 1983 State-Related Data

Data (and Number of Respondents)	State: Indiana	Iowa	Kansas	Kentucky	Louisiana	Maine
Outstanding Second Mortgages	$179.7M (10)	$44.1M (6)	$75.4M (6)	$58.4M (7)	$107.2M (9)	$3.2M (1)
Originations in 1982	$59.5M (9)	$13.1M (6)	$22.3M (6)	$22.6M (7)	$34.8M (9)	$0.03M (1)
Foreclosures in 1982 (#)	53 (4)	7 (2)	26 (2)	39 (2)	10 (2)	1 (1)
Value of Property Foreclosed	$1,324,660 (4)	$270,625 (2)	$532,546 (2)	$855,923 (2)	$207,275 (2)	$19,272 (1)
Value of Second Liens	$249,796 (2)	-----	-----	-----	-----	-----
Value of First Liens	$157,796 (2)	-----	-----	-----	-----	-----
Number of Foreclosures Liquidated	31 (3)	7 (1)	18 (1)	1 (1)	10 (1)	-----
Value of Liens Liquidated	$604,881 (3)	$212,510 (1)	$433,267 (1)	$11,552 (1)	$237,298 (1)	-----
Number of Properties Sold	28 (3)	7 (1)	17 (1)	1 (1)	9 (1)	-----
Value of Properties Sold	$802,630 (3)	$212,510 (1)	$426,842 (1)	$11,552 (1)	$228,294 (1)	-----
Chargeoffs (#)	14 (2)	0 (1)	1 (1)	-----	1	-----
Chargeoffs (value)	$125,503 (3)	0 (1)	$6,425 (1)	-----	$16,004 (2)	-----
Redemptions (#)	1 (1)	0 (1)	-----	-----	-----	-----
Redemptions (value)	$24,900 (1)	0 (1)	-----	-----	-----	-----
Ratios of						
Originations/Outstandings	33.12% (9)	29.64% (6)	29.62% (6)	38.72% (7)	32.49% (9)	0.81% (1)
Foreclosures/Outstandings(%) (Low to High in responses)	(0.75,1.30,1.82 2.16%)	(0.54,4.24%)	(0.71,0.87, 1.77%)	(1.74,2.76%)	(1.36%)	(0.61%)
Chargeoffs/Value of Second Mortgages Liquidated	20.75%	0%	1.48%	0%	6.74%	-----

Table 7D: 1983 State-Related Data

Data (and Number of Respondents)	Maryland	Massachusetts	State Michigan	Minnesota	Mississippi
Outstanding Second Mortgages	$219.7M (7)	$103.7M (6)	$0.9M (1)	$36.0M (8)	$52.0M (5)
Originations in 1982	$76.4M (7)	$42.7M (6)	0 (1)	$27.5M (8)	$27.4M (5)
Foreclosures in 1982 (#)	6 (2)	2 (1)	-----	0 (0)	13 (2)
Value of Property Foreclosed	$77,830 (2)	$39,856 (1)	-----	-----	$177,410 (2)
Value of Second Liens	-----	-----	-----	-----	-----
Value of First Liens	-----	-----	-----	-----	-----
Number of Foreclosures Liquidated	1 (1)	1 (1)	-----	-----	3 (1)
Value of Liens Liquidated	$27,840 (1)	$13,169 (1)	-----	-----	$37,814 (1)
Number of Properties Sold	1 (1)	1 (1)	-----	-----	2 (1)
Value of Properties Sold	$27,840 (1)	$13,169 (1)	-----	-----	$31,032 (1)
Chargeoffs (#)	0	0	-----	-----	1 (1)
Chargeoffs (value)	0	0	-----	-----	$6,782 (1)
Redemptions (#)	-----	-----	-----	-----	0
Redemptions (value)	-----	-----	-----	-----	0
Ratios of					
Originations/Outstandings	34.79% (7)	41.20% (6)	0%	76.56% (8)	52.70% (5)
Foreclosures/Outstandings(%) (Low to High in responses)	(0.001,0.12%)	(0.31%)	-----	-----	(0.34,2.11%)
Chargeoffs/Value of Second Mortgages Liquidated	0%	0%	-----	-----	17.94%

Table 7E: 1983 State-Related Data

Data (and Number of Respondents)	Missouri	Montana	State Nebraska	Nevada	New Hampshire
Outstanding Second Mortgages	$78.1M (5)	$27.9M (5)	$6.6M (4)	$22.1M (6)	$50.4M (6)
Originations in 1982	$25.6M (5)	$8.4M (5)	$2.6M (4)	$17.3M (6)	$15.8M (6)
Foreclosures in 1982 (#)	31 (1)	5 (2)	3 (1)	1 (1)	2 (2)
Value of Property Foreclosed	$814,350 (1)	$112,629 (2)	$57,605 (1)	$150,000 (1)	$42,264 (2)
Value of Second Liens	-----	-----	-----	$146,668 (1)	-----
Value of First Liens	-----	-----	-----	$97,828 (1)	-----
Number of Foreclosures Liquidated	25 (1)	1 (1)	1 (1)	-----	1 (1)
Value of Liens Liquidated	$709,753 (1)	$30,698 (1)	$21,109 (1)	-----	$25,810 (1)
Number of Properties Sold	25 (1)	1 (1)	1 (1)	-----	1 (1)
Value of Properties Sold	$709,753 (1)	$30,698 (1)	$21,109 (1)	-----	$25,810 (1)
Chargeoffs (#)	-----	-----	-----	-----	-----
Chargeoffs (value)	-----	-----	-----	-----	-----
Redemptions (#)	-----	-----	-----	-----	-----
Redemptions (value)	-----	-----	-----	-----	-----
Ratios of					
Originations/Outstandings	32.81% (5)	30.10% (5)	38.59% (4)	78.62% (6)	31.46% (6)
Foreclosures/Outstandings(%) (Low to High in responses)	(1.04,2.66%)	(0.34,0.99%)	(4.54%)	(5.76%)	(0.38,0.42%)
Chargeoffs/Value of Second Mortgages Liquidated	0%	0%	0%	-----	0%

Table 7F: 1983 State-Related Data

Data (and Number of Respondents)	New Jersey	New Mexico	State New York	North Carolina	North Dakota
Outstanding Second Mortgages	$322.0M (8)	$35.8M (7)	$146.0M (7)	$289.4M (10)	$1.2M (2)
Originations in 1982	$119.3M (7)	$17.5M (7)	$65.7M (7)	$108.2M (10)	$0.6M (3)
Foreclosures in 1982 (#)	5 (2)	8 (2)	5 (1)	40 (5)	0
Value of Property Foreclosed	$449,936 (3)	$182,960 (2)	$188,054 (1)	$362,368 (5)	-----
Value of Second Liens	$449,936 (3)	$182,960 (2)	-----	-----	-----
Value of First Liens	0	-----	-----	-----	-----
Number of Foreclosures Liquidated	3 (1)	2 (1)	-----	21 (4)	-----
Value of Liens Liquidated	$56,952 (1)	$49,445 (1)	-----	$328,243 (4)	-----
Number of Properties Sold	3 (1)	2 (1)	-----	17 (4)	-----
Value of Properties Sold	$56,952 (1)	$49,445 (1)	-----	$266,876 (4)	-----
Chargeoffs (#)	-----	-----	-----	1 (1)	-----
Chargeoffs (value)	-----	-----	-----	$3,334 (1)	-----
Redemptions (#)	-----	-----	-----	-----	-----
Redemptions (value)	-----	-----	-----	-----	-----
Ratios of					
Originations/Outstandings	37.04% (7)	48.92% (7)	45.00% (7)	37.38% (10)	44.98% (2)
Foreclosures/Outstandings(%) (Low to High in responses)	(0.04,0.33,1.33%)	(0.49,2.70%)	(0.32%)	(0.24,0.37,0.84, 1.02,4.14%)	-----
Chargeoffs/Value of Second Mortgages Liquidated	0%	0%	-----	1.02%	-----

Table 7G: 1983 State-Related Data

Data (and Number of Respondents)	Ohio	Oklahoma	Oregon	Pennsylvania	Rhode Island
			State		
Outstanding Second Mortgages	$359.5M (6)	$129.8M (9)	$235.0M (10)	$417.4M (10)	$24.3M (6)
Originations in 1982	$166.5M (7)	$64.9M (8)	$64.3M (10)	$182.2M (10)	$10.7M (6)
Foreclosures in 1982 (#)	35 (1)	11 (2)	173 (3)	29 (4)	2 (1)
Value of Property Foreclosed	$964,383 (1)	$398,545 (2)	$1,228,206 (3)	$602,049 (4)	$15,340 (1)
Value of Second Liens	-----	$148,003 91)	-----	-----	-----
Value of First Liens	-----	$97,025 (1)	-----	$56,352	-----
Number of Foreclosures Liquidated	22 (1)	16 (1)	121 (2)	14 (3)	-----
Value of Liens Liquidated	$705,289 (1)	$401,804 (1)	$4,765,571 (2)	$291,195 (3)	-----
Number of Properties Sold	22 (1)	16 (1)	114 (2)	14 (3)	-----
Value of Properties Sold	$705,289 (1)	$401,804 (1)	$4,632,520 (2)	$291,195 (3)	-----
Chargeoffs (#)	-----	1 (1)	7 (1)	-----	-----
Chargeoffs (value)	-----	$5,742 (1)	$36,705 (2)	-----	-----
Redemptions (#)	-----	-----	-----	-----	-----
Redemptions (value)	-----	-----	-----	-----	-----
Ratios of					
Originations/Outstandings	45.52% (6)	50.00% (8)	27.34% (10)	43.64% (10)	44.20% (6)
Foreclosures/Outstandings(%) (Low to High in responses)	(0.62%)	(0.36,0.68%)	(0.52,1.90, 2.44,4.43%)	(0.17,0.24,0.34, 0.46%)	(0.06,0.36%)
Chargeoffs/Value of Second Mortgages Liquidated	0%	1.43%	7.70%	0%	-----

Table 7H: 1983 State-Related Data

Data (and Number of Respondents)	State South Carolina	South Dakota	Tennessee	Texas	Utah
Outstanding Second Mortgages	$144.4M (10)	$48.4M (4)	$126.6M (7)	$24.7M (6)	$83.9M (9)
Originations in 1982	$59.8M (10)	$23.4M (4)	$59.1M (7)	$10.9M (4)	$31.6M (8)
Foreclosures in 1982 (#)	26 (4)	-----	15 (2)	3 (2)	31 (3)
Value of Property Foreclosed	$286,383 (3)	-----	$338,895 (2)	$99,210 (3)	$5,575,428 (4)
Value of Second Liens	$56,294 (1)	-----	0	$56,383 (1)	-----
Value of First Liens	$30,606 (1)	-----	0	$40,163 (1)	-----
Number of Foreclosures Liquidated	9 (3)	-----	3 (2)	4 (1)	16 (2)
Value of Liens Liquidated	$161,853 (3)	-----	$63,166 (2)	$213,660 (1)	$456,004 (2)
Number of Properties Sold	4 (3)	-----	3 (2)	3 (1)	15 (2)
Value of Properties Sold	$157,103 (3)	-----	$56,955 (2)	$158,549 (1)	$426,206 (2)
Chargeoffs (#)	4 (2)	-----	1 (2)	2 (2)	1 (2)
Chargeoffs (value)	$4,750 (2)	-----	$6,211 (2)	$58,611 (2)	$29,798 (2)
Redemptions (#)	-----	-----	-----	-----	-----
Redemptions (value)	-----	-----	-----	-----	-----
Ratios of					
Originations/Outstandings	41.97% (10)	48.38% (4)	46.47% (7)	44.24% (4)	37.61% (8)
Foreclosures/Outstandings(%) (Low to High in responses)	(0.60,0.63,1.87%)	-----	(0.38,2.00%)	(0.19,0.31, 0.40,0.69%)	(1.73,1.91, 5.22,12.76%)
Chargeoffs/Value of Second Mortgages Liquidated	2.93%	-----	9.83%	27.43%	6.53%

Table 7I: 1983 State-Related Data

Data (and Number of Respondents)	Virginia	Washington	State W.Virginia	Wisconsin	Wyoming
Outstanding Second Mortgages	$290.6M (13)	$137.8M (10)	$37.5M (6)	$53.3M (7)	$15.1M (5)
Originations in 1982	$104.1M (12)	$76.4M (10)	$14.1M (6)	$22.5M (7)	$7.4M (5)
Foreclosures in 1982 (#)	8 (4)	16 (4)	10 (1)	12 (2)	1 (1)
Value of Property Foreclosed	$415,024 (4)	$236,623 (3)	$238,088 (2)	$342,619 (2)	$5,562 (1)
Value of Second Liens	$288,300 (2)	$267,160 (1)	-----	-----	-----
Value of First Liens	$201,621 (2)	-----	-----	-----	-----
Number of Foreclosures Liquidated	5 (1)	5 (2)	-----	6 (1)	-----
Value of Liens Liquidated	$65,782 (1)	$71,124 (2)	-----	$206,197 (2)	-----
Number of Properties Sold	4 (1)	4 (2)	-----	6 (1)	-----
Value of Properties Sold	$61,516 (1)	$57,123 (2)	-----	$195,197 (1)	-----
Chargeoffs (#)	2 (2)	1 (1)	-----	-----	-----
Chargeoffs (value)	$25,266 (2)	$14,001 (1)	-----	$6,000 (1)	-----
Redemptions (#)	-----	-----	-----	-----	-----
Redemptions (value)	-----	-----	-----	-----	-----
Ratios of					
Originations/Outstandings	35.83% (12)	55.45% (10)	37.51% (6)	42.26% (7)	49.12% (5)
Foreclosures/Outstandings(%) (Low to High in responses)	(0.05,0.32,0.68, 2.02%)	(0.49,1.16,1.98%)	(0.38,0.63,1.13%)	(0.85,2.62%)	(0.45%)
Chargeoffs/Value of Second Mortgages Liquidated	38.41%	19.69%	-----	2.98%	-----

While the state-by-state data provide useful insights that were not previously available, their production and compilation imposed a considerable reporting burden on respondents and as well as a significant data processing burden. Thus, in future surveys, it would be desirable to focus on only the most important state-specific information--the dollar value and number of outstandings, originations, foreclosures, and chargeoffs--and hope that a greater percentage of respondents can provide it.

VIII. Concluding Remarks

These tables present the data provided in the NSMA's 1983 membership survey. As a general rule, most members (particularly finance companies) provided excellent data this year. However, better statistics could be generated if more respondents provided data that were as complete as possible. In particular, accurate historical data are necessary so growth rates can be calculated on a comparable basis for all respondents. In addition, accurate data are needed on average balances outstanding so debt ratios, interest returns, and profit margins can be calculated properly. Furthermore, more complete data are needed on revenues associated with second mortgage operations, per se, so the profitability of second mortgage lending can be better assessed. Finally, more complete state-by-state data on both the number and net value of outstandings, originations, foreclosures, and chargeoffs would allow better data to be compiled on state-by-state variations in average loan sizes, loan growth, loan problems, and loan losses.

While improved data in some areas would be highly useful, the data

provided in this report should provide generally accurate measures of second mortgage lenders' growth experience, cash flows, loan terms, chargeoffs, foreclosures, delinquency experiences, and overall costs of funds. Hopefully, this information, as well as the state-by-state data will be highly useful to all NSMA members and others who are interested in the second mortgage market.